

## Message Text

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ACTION AGR-08

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CEA-01 CIAE-00

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INFO ALL EC CAPITALS 1636

AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

AMEMBASSY WELLINGTON

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC, NZ

SUBJECT: NEW ZEALAND/EC DISCUSSIONS RE DAIRY PRODUCTS

1. NEW ZEALAND FOREIGN MINISTER BRIAN TALBOYS MET ON FEBRUARY 3 WITH EC COMMISSION PRESIDENT ORTOLI, EC COMMISSIONER FOR EXTERNAL RELATIONS SIR CHRISTOPHER SOAMES, AND EC COMMISSIONER FOR AGRICULTURE LARDINOIS. THEY SPENT MOST OF THEIR TIME DISCUSSING EC/NEW ZEALAND BUTTER, NFDI AND CHEESE TRADE PROBLEMS, WHICH ARE PARTICULARLY IRKSOME IN THE PRESENT EC DAIRY SURPLUS SITUATION. THE NEW ZEALAND MISSION DCM BRIEFLY DESCRIBED TO US THE HIGHLIGHTS OF THE DISCUSSION.

2. BUTTER: ARTICLE 5 OF PROTOCOL NO. 18 OF THE UK TREATY OF ACCESSION CONCERNS UK IMPORTS OF NEW ZEALAND BUTTER AND CHEESE AND PROVIDES FOR A REVIEW OF THE BUTTER SITUATION BY THE EC COUNCIL DURING 1975. BUT THAT REVIEW DID NOT TAKE PLACE, AND THE COMMISSION IS NOT WILLING TO UNDERTAKE SUCH A REVIEW NOW WHEN THE COUNCIL IS INVOLVED IN A PARTICULARLY

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DIFFICULT DISCUSSION OF THE COMMISSION'S AGRICULTURAL PRICE

PROPOSALS. MINISTER TALBOYS INSISTED THAT THE REVIEW TAKE PLACE BEFORE THE COMMISSION'S SUMMER RECESS AND SOAMES REPORTEDLY COMMITTED THE COMMISSION VERBALLY.

3. THE COMMISSION PREVIOUSLY HAD PROPOSED TO NEW ZEALAND THAT IMPORTS OF ITS BUTTER INTO THE UK TOTAL 363,000 M.T. FOR 1978-1980, AN AVERAGE 121,000 TONS ANNUALLY. TALBOYS PROPOSED A MODIFICATION OF THE ANNUAL QUANTITIES WITHIN THE SAME TOTAL AS FOLLOWS:

	EC PROPOSAL (1,000 M.T.)	TALBOY'S PROPOSAL
1978	129	125
1979	121	121
1980	113	117

THE COMMISSION ADAMANTLY REFUSED TO MODIFY ITS PROPOSAL. ACCORDING TO OUR SOURCE, ORTOLI WAS PARTICULARLY NEGATIVE AND INSISTED THAT NEW ZEALAND COOPERATE, PARTICULARLY IN THE LIGHT OF THE COMMUNITY'S "MESSY" DAIRY SITUATION. THERE WAS NO DEFINITIVE DISCUSSION OF PRICE.

4. CHEESE: DISCUSSION REGARDING THE UK'S IMPORTS OF CHEESE FROM NEW ZEALAND UNDER PROTOCOL 18 ARE TO BE HELD IN ABEYANCE UNTIL THE BUTTER MATTER HAS BEEN SETTLED.

5. NFDM: THE GRAVITY OF THIS PROBLEM WAS RECOGNIZED BY BOTH PARTIES. LARDINOIS SUGGESTED IT WOULD BE USEFUL FOR THE COMMUNITY, NEW ZEALAND, AUSTRALIA, CANADA AND THE US TO MEET INFORMALLY TO DISCUSS THE BEST MEANS TO RESOLVE THIS PROBLEM. TALBOYS INDICATED HIS WILLINGNESS TO PARTICIPATE. OUR SOURCE BELIVES WE WILL BE RECEIVING AN INVITATION FROM THE COMMISSION SHORTLY TO PARTICIPATE IN SUCH A MEETING, BUT HE ASKED THAT WE NOT BROACH THE SUBJECT TO THE OTHER PARTIES UNTIL THEN BECAUSE OF WHAT HE CALLED THE "SENSITIVITY" OF THE SUBJECT. NEW ZEALAND IS CARRYING STOCKS OF 300,000 TONS, EQUIVALENT TO ABOUT 1 & 1/2 YEAR'S PRODUCTION.

6. TALBOYS IS NOW MAKING A SWING THROUGH OTHER MEMBER STATE CAPITALS ATTEMPTING TO SOLICIT SUPPORT FOR HIS PROPOSED BUTTER IMPORT SCHEDULE.MORRIS

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## Message Attributes

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